

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

MUSKET CORPORATION,

Plaintiff,

- against -

PDVSA PETROLEO, S.A., a/k/a PDVSA  
PETROLEO Y GAS, S.A., and ADVANCED  
ENGINEERING DEVELOPMENT LTD.,

Defendants.

Civil Action No.  
06 CV 15522 (VM)

**DECLARATION IN SUPPORT  
OF PLAINTIFF'S MOTION TO  
EXTEND TIME TO SERVE  
PROCESS UPON DEFENDANT  
PDVSA**

JOHN J. REILLY hereby declares the following to be true under penalty of perjury:

1. I am a member of the bar of this Court and am a member of the firm of Holland & Knight LLP, attorneys for plaintiff Musket Corporation ("Musket"). I make this declaration in support of plaintiff's motion, pursuant to Rule 64 of the Federal Rules of Civil Procedure and N.Y. Civil Practice Law and Rules Section 6213, to extend the time by which the Summons and Complaint shall be served upon defendant PDVSA Petroleo, S.A. (a/k/a PDVSA Petroleo y Gas, S.A.) ("PDVSA"). I am fully familiar with the facts and circumstances stated below.

2. Upon information and belief, PDVSA is a corporation which is organized under the laws of the Bolivarian Republic of Venezuela and is domiciled in Caracas, Venezuela.

3. This Court granted plaintiff's *ex parte* motion for an attachment order on December 28, 2006. Pursuant thereto, plaintiff attached funds of PDVSA held at JPMorgan Chase Bank in New York in excess of \$1.5 million.

4. At the hearing held before the Court on January 5, 2007, PDVSA appeared by counsel, and, *inter alia*, requested and obtained an extension of time to answer the Complaint.

5. Later in January 2007, we asked counsel for PDVSA if they would accept service of process for their client. Initially we were told that this “should not be a problem” but that they would let us know. We have discussed this with PDVSA’s counsel on more than one occasion (as recently as last week) and we have been told again that they will let us know.

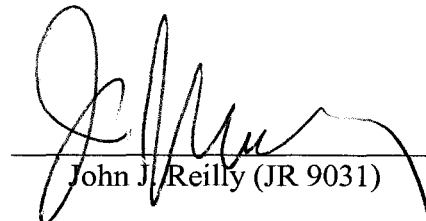
6. Given the delay in a response to our request, pursuant to Rule 4(f) of the Federal Rules of Civil Procedure, we have instituted service of the Summons and Complaint via the Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters dated November 15, 1965 (the “Hague Service Convention”), by means of an international process service called Process Forwarding International.

7. I am advised that the Summons and Complaint, together with Spanish translations thereof as required, have been delivered to the Venezuelan authorities for service on PDVSA pursuant to the Hague Service Convention. However, service has not been completed, and we are advised that service can take as long as one year to be completed. Therefore, Musket seeks an order extending the time to complete service, in order that the attachment order may remain in place pursuant to CPLR § 6213.

8. Attached hereto as Exhibits A and B are the Affidavits of Ravi Ramdas which were submitted in support of plaintiff’s motion for an *ex parte* attachment order and in support of its motion to confirm the attachment order. These affidavits are provided simply to set forth the background facts concerning the action and the attachment motion.

**WHEREFORE**, plaintiff respectfully requests that the Court issue an order extending the time to complete service of process upon PDVSA for an additional 60 days, with leave to seek further extensions of the time to serve as may be necessary.

Dated: New York, New York  
February 26, 2007



John J. Reilly (JR 9031)

# 4286607\_v2

*Exhibit A*

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

MUSKET CORPORATION,

Plaintiff,

- against -

PDVSA PETROLEO, S.A., a/k/a PDVSA  
PETROLEO Y GAS, S.A., and ADVANCED  
ENGINEERING DEVELOPMENT LTD.,

Defendants.

06CV 15522  
J. RAMDAS  
Civil Action No.

AFFIDAVIT IN SUPPORT  
OF APPLICATION FOR  
ORDER OF ATTACHMENT

STATE OF OKLAHOMA     )  
                                      : ss.:  
COUNTY OF OKLAHOMA    )

RAVI RAMDAS, being duly sworn, deposes and says:

1. I am employed by plaintiff, Musket Corporation ("plaintiff" or "Musket"), as Basis Trading Manager. I make this affidavit in support of plaintiff's application for an order of attachment, permitting the attachment of the proceeds of a Letter of Credit drawdown. I am fully familiar with the facts and circumstances stated below.

2. I respectfully refer the Court to the Complaint which Musket has filed in this action, and I hereby incorporate by reference the allegations in the Complaint.

3. As shown in the Complaint, Musket entered into an agreement with defendant Advanced Engineering to buy a cargo of oil from PDVSA, which is the state-owned Venezuelan oil producer (and the owner of Citgo). The contract required Musket to pay the lion's share of the purchase price to defendant PDVSA. As a security device, Musket was obligated to, and did, establish a Standby Letter of Credit ("LOC") with JPMorgan Chase Bank N.A. in favor of

PDVSA, to cover the purchase price. However, that letter of credit, by its terms, was not to be used in the event that payment was made by Musket.

4. Musket has paid in full for the delivery of oil, in accordance with the terms of the agreement with Advanced Engineering. However, we understand that defendant PDVSA has presented a drawdown request on the LOC to JPMorgan Chase in an amount in excess of \$1.5 million above and beyond that which Musket was obligated to pay.

5. We understand that PDVSA has presented the required documents to the bank and that payment has not yet been made but will likely take place on the morning of Friday, December 29, 2006. Therefore, an order of attachment is urgently required, so that the funds of PDVSA will not be disbursed by the bank.

6. We have placed the defendants on notice, in writing, of our objection to any draw-down of the LOC. Neither of the defendants has responded to our notice.

7. There are no known counterclaims.

Ravi Ramdas 28 Dec '06  
Ravi Ramdas

Sworn to before me this  
28<sup>th</sup> day of December, 2006

Nancy E. Baister  
Notary Public



Exhibit B

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

MUSKET CORPORATION,

Plaintiff,

- against -

PDVSA PETROLEO, S.A., a/k/a PDVSA  
PETROLEO Y GAS, S.A., and ADVANCED  
ENGINEERING DEVELOPMENT LTD.,

Defendants.

Civil Action No.  
06 CV 15522 (VM)

**AFFIDAVIT IN SUPPORT  
OF MOTION TO CONFIRM  
ORDER OF ATTACHMENT**

STATE OF OKLAHOMA     )  
                                      : ss.:  
COUNTY OF OKLAHOMA    )

RAVI RAMDAS, being duly sworn, deposes and says:

1. I am employed by the plaintiff, Musket Corporation (“plaintiff” or “Musket”), and make this affidavit in support of plaintiff’s motion to confirm the Order of Attachment entered on December 28, 2006. I am fully familiar with the facts and circumstances stated below.

2. I respectfully refer the Court to my prior affidavit sworn to on December 28, 2006, as well as the Complaint. The purpose of this affidavit is to amplify the papers previously submitted by plaintiff, so that the Court has a more complete understanding of the underlying transaction at issue, and to address certain documents which I am advised were presented to the Court by counsel for defendant PDVSA Petroleo S.A. (“PDVSA”) during a conference held in this matter on January 5, 2007.

3. At the outset, I wish to emphasize that there should be no dispute about the value of the cargo of oil which plaintiff agreed to purchase. The agreed price, as evidenced by the contract terms, was (i) the average market price for the dates Nov. 13-15, 2006 which was



\$68.1552 per US barrel (which equals \$1.6227 per US gallon, or \$502.486 per metric ton), times (ii) the actual quantity of the shipment, as determined at the destination port, which was 263,123 US barrels when discharged on December 10, 2006 (equal to 35,688.94 metric tons). See Contract (Complaint, Exh. 1). This yields a purchase price of \$17,933,192.57.

4. Plaintiff has paid this amount in full. Annexed hereto as Exhibit 1 is the wire transfer record evidencing payment of \$2,191,000.00 to Team Tankers AS (“Team Tankers”), the vessel owner, on December 4, 2006. Annexed hereto as Exhibit 2 is the wire transfer record evidencing payment of \$1,309,000.00 to defendant Advanced Engineering Development Ltd. (“Advanced”) on December 5, 2006. Annexed hereto as Exhibit 3 is the wire transfer record evidencing payment of \$14,433,192.57 to PDVSA on December 19, 2006. This totals \$17,933,192.57.

5. As further explained in this Affidavit, plaintiff's payment to Team Tankers, the ocean carrier, was made solely as an accommodation to Advanced and as a partial payment of the agreed price for the cargo. Plaintiff was NOT contractually liable to pay the cost of shipping the cargo from Venezuela to the destination. Plaintiff did not charter the vessel and is not a party to the charter party (contract of shipment). It is plaintiff's understanding that the charterer was Advanced. The agreed price was the cargo of oil “on Delivered basis.” Contract (Complaint, Exh. 1), page 1, at “Price”. This is further reflected in the fact that the only additional charge that the purchaser (plaintiff) might have to bear, per the contract, was demurrage (delay damages) at the discharge port. Id., p. 2, at “Demurrage.” Any demurrage at the port of origin was not plaintiff's responsibility.

6. As it happened, demurrage at the port of origin was significant in this case. It is plaintiff's understanding that this cargo of oil had already been sold to another buyer and loaded

on board in Venezuela when that transaction was cancelled. Plaintiff was then contacted with the opportunity to purchase the cargo. The vessel carrying the cargo was idle in port in Venezuela for some time before we proceeded. Any expenses arising due to that delay were the responsibility of the sellers, not of plaintiff.

7. The Court may wish to note the heading of the original contract of sale (Complaint, Exh. 1, p. 1), which refers to and identifies the seller as follows:

**Advanced Engineering Development Ltd.**  
 Ur. Guadalmina Alta Ed Barclays Local 4  
 San Pedro, Marbella, Malaga Spain 29678\  
 INTRAKAM/ PDVSA OPERATOR  
 (Hereinafter Referred to as "Seller")

The contract was prepared by Advanced. Plaintiff was told that Intrakam was an agent or broker of PDVSA handling sales to foreign, private (non-governmental) entities, and that Advanced was acting for Intrakam and PDVSA.

8. As the vessel approached the destination, Advanced advised plaintiff that the charges to be invoiced by the carrier (Team Tankers) to Advanced were greater than anticipated. Annexed hereto as Exhibit 4 is a copy of an ocean freight invoice issued by Team Tankers to Advanced on November 22, 2006, reflecting shipping charges of \$1,366,000.00 and delay damages (demurrage) of \$825,000.00, for a total of \$2,191,000.00. (This demurrage was incurred at the origin of the voyage, not at the destination.) Advanced asked plaintiff to pay this invoice, as an accommodation to Advanced, in order for Team Tankers to discharge the cargo.<sup>1</sup> Plaintiff and Advanced agreed that this sum was to be credited toward the purchase price of the cargo. In other words, plaintiff would simply advance this sum as partial payment of the total

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<sup>1</sup> The vessel owner was not required to offload the cargo at the destination until all shipping charges had been paid. This is what is meant by the term of payment, "Before Breaking Bulk" (BBB), on Team Tankers' invoice, Exh. 4.

price, and the balance due by plaintiff to Advanced and PDVSA would be reduced by that amount. Plaintiff agreed to this proposal because it appeared that there was no other way to get the cargo off-loaded.

9. Advanced then prepared the contract amendment (Complaint Exh. 3). Pursuant to the original contract (Complaint Exh. 1), Advanced was to be paid \$61 per metric ton, or about \$2.2 million, and PDVSA was to receive the remainder, about \$15.7 million. It had been plaintiff's understanding that Advanced would pay the carrier's charges from its fee. However, to reflect the revised agreement, where Musket would advance the shipping charges on behalf of Advanced against the contract price, the amendment reflected that the total purchase price of approximately \$17,930,000 (subject to final reckoning, based on the actual quantity of oil off-loaded) would be divided as follows: approximately \$14,430,000 to be paid to PDVSA; \$1,309,000 to Advanced; and \$2,191,000 to Team Tankers. Advanced did not reveal to us the basis for the change in the allocation of the sales price between itself and PDVSA.

10. Musket was advised by Advanced that there was no need to contact PDVSA with regard to the contract amendment. Musket was assured that Advanced acted with full authority.

11. I am advised that, at a court conference held on January 5, 2007, lawyers for PDVSA referred to two documents: (1) an unsigned amended letter of credit application, which states that plaintiff will pay PDVSA "on behalf of the company Intrakam SA," and (2) an invoice from PDVSA to Intrakam. Copies of these documents, as presented in court, are annexed hereto as Exhibits 5 and 6, respectively.

12. On November 15, 2006 – shortly after the original contract was made, and the letter of credit was obtained – a representative of PDVSA contacted plaintiff, Advanced and Intrakam by email and indicated that the letter of credit documentation needed to be amended.

Apparently PDVSA's position is that it does not sell oil directly to purchasers, but does so only through "operators" (agents) such as Intrakam. Accordingly, PDVSA asked that the letter of credit be altered to state that plaintiff was making payment to PDVSA "on behalf of" Intrakam. A copy of this e-mail is annexed hereto as Exhibit 7. The requested change appears to be some sort of legal fiction required for PDVSA's internal needs. Plaintiff agreed to this amendment of the Letter of Credit. However, this does not change the underlying transaction in any respect.

13. This communication establish that PDVSA was fully aware of Advanced's role in the transaction. The address "a.engineering@terra.es" which appears in the "cc" header of the PDVSA e-mail (Exh. 7) is an email address of Advanced.

14. As far as I can determine, plaintiff was never advised that PDVSA had approved the amendment to the letter of credit, as the form of amendment requires.

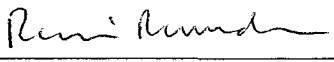
15. The second document which I am advised was shown to the Court by PDVSA's lawyers is an invoice dated December 12, 2006 from PDVSA to Intrakam, in the amount of \$15,992,694.88, for the cargo of oil purchased by plaintiff (Exh. 6 hereto). Plaintiff does not understand how this amount is derived. The "rate" (price term) does not correspond to the actual price per barrel, even taking into account any agreed deduction for Advanced.

16. The difference between the amount of the PDVSA-Intrakam invoice, and the amount that plaintiff paid to PDVSA by wire transfer on December 19, 2006 (\$14,433,192.57), is \$1,559,502.31. The amount that PDVSA drew down under the letter of credit, and which is subject to the Order of Attachment, is a larger sum, \$1,561,061.50. (This difference probably reflects PDVSA charging Musket for interest.)

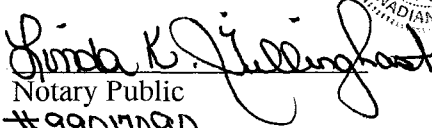
17. The PDVSA invoice to Intrakam is not relevant to plaintiff. Plaintiff did not agree to pay Intrakam, or to pay a PDVSA invoice issued to Intrakam. Per the contract, as


amended, plaintiff's obligation was to pay \$14,433,192.57 to PDVSA (i.e., the total cost of the cargo, as agreed, less the payments made to Advanced and Team Tankers). Plaintiff is not privy to the arrangements between and among PDVSA, Advanced and Intrakam. If Intrakam and/or Advanced is required to make up the difference to PDVSA, that is not plaintiff's responsibility. Plaintiff paid in full for the cargo; that is the extent of its responsibility. PDVSA's attempt to help itself to a further payment, of over \$1.5 million of plaintiff's money, is baseless.

WHEREFORE, plaintiff respectfully requests that the Court confirm the Order of Attachment.


  
Ravi Ramdas

Sworn to before me this  
15th day of January, 2007

  
Notary Public  
#99017090



**Transaction Search Details**

<b>Transaction Date:</b>	12/4/2006	<b>Status:</b>	COMPLETED TRANSACTION
<b>Amount:</b>	2191000		
<b>Debit Party:</b>	 MUSKET CORP BOX 26210 OKLAHOMA CITY OK 73126	<b>Credit Party:</b>	DDA/0011667490 NORDEA BANK OSLO P O BOX 1166 SENTRUM- OSLO NORWAY 0107 -
<b>Debit Reference:</b>	000000A0455883NW	<b>Credit Reference:</b>	WRE OF 06/12/04
<b>Sequence #:</b>	None		
<b>Transaction Type:</b>	Book Transfer		
<b>JPMorgan Reference:</b>	1156000338Z0		
<b>Payment Details:</b>	IBAN NUMBER NO8360740442611 FOR PAYMENT OF INV NO P 007528 DATED 11-22-2006 TO ADVANCED ENGINEERING DEVELOPMENT LTD SPAIN		
<b>Bank/Bank Info:</b>			
<b>Third Party:</b>	/6074.04.42611 TEAM TANKERS AS MUSKET CORP GENERAL	<b>Fourth Party:</b>	
<b>Order Party:</b>		<b>Order Bank:</b>	
<b>Credit Advice:</b>	Swift	<b>Cr Adv Type:</b>	Payment
<b>Release Time(GMT):</b>	21:23:43	<b>Source:</b>	WRE
<b>Existing Inquiry:</b>	No		

BC 10480770 USD 1,309,000.00 USD 1,309,000.00 ADVANCE ENGINEERING DEVELOPMENT LTD 262504 INTNL 458194 12/5/2006 12:42:21PM

# **BANK ONE** *The One Net - Wires* (SM)

## Today's Bank Confirmed Payments Report - Detail

As of: December 05, 2006 12:44:12 pm

### Payment Details

Tran Ref 458194  
 Status Confirmed  
 Value Date 05 Dec 2006  
 Transaction Date 05 Dec 2006  
 Payment Amount USD 1,309,000.00  
 Debit Amount USD 1,309,000.00  
 Rate TBD  
 Customer Ref  
 Payment Type INTNL  
 Pymt Sys Ref. 0574400339ZO  
 Settlement Ref 262504  
 Template Code  
 On Behalf Of

### Debit Account Details

Account Name MUSKET CORP GENERAL  
 Account No. [REDACTED]  
 Short Name MUSKETCO  
 Location OK  
Intermediary Bank Details  
 Routing Code  
 Routing Type SWIFT  
 Bank Name

### Beneficiary Details

Account 0251-255055-52  
 Name ADVANCE ENGINEERING DEVELOPMENT LTD  
 Address

### Beneficiary Bank Details

Routing Code CRESCHZZ12A  
 Bank Name CREDIT SUISSE

Address  
 No Address

GENEVA CH

### Optional Text

Text to Bene INVOICE NO. 867789 TO MUSKET CORPORATION

Instructions to  
 Bene Bank  
 Instructions to  
 Bank One  
 Internal Memo

### Originator Details

Name  
 ID  
 Address

### Charges

### Activity Log

Activity	Type	Date/Time
Last Activity	BETYP	12/5/2006 12:42:21PM
Entered	BETYP	12/5/2006 11:53:51AM
Modified		
Approved 1	BETYP	12/5/2006 12:14:05PM
Approved 2	BETYP	12/5/2006 12:14:05PM
Approved 3	BETYP	12/5/2006 12:14:05PM
Unapproved		
Deleted		
Mgr Approved		
Released		12/5/2006 12:14:05PM
Reject Reason		

### Draft Details

Draft Number  
 Mail To:

Print Processed? No  
 Reprint Count  
 Last Reprint  
 Draft Advice  
 INVOICE NO. 867789 TO MUSKET CORPORATION

BC 10480770 USD 14,433,192.57 USD 14,433,192.57 PDVSA PETROLEO, S.A. BOOK TRANSFER DOM 509299 12/19/2006 2:23:23PM

**BANK ONE** *The One Net - Wires* (SM)

## Today's Bank Confirmed Payments Report - Detail

As of: December 19, 2006 2:27:50 pm

Payment Details

Tran Ref 509299  
 Status Confirmed  
 Value Date 19 Dec 2006  
 Transaction Date 19 Dec 2006  
 Payment Amount USD 14,433,192.57  
 Debit Amount USD 14,433,192.57  
 Rate TBD  
 Customer Ref  
 Payment Type DOM  
 Pymt Sys Ref. 0892500353ZO  
 Settlement Ref BOOK TRANSFER  
 Template Code  
 On Behalf Of

Debit Account Details

Account Name MUSKET CORP GENERAL  
 Account No. [REDACTED]  
 Short Name \*\*MUSKETCO  
 Location OK

Intermediary Bank Details

Routing Code  
 Routing Type Fedwire ABA  
 Bank Name

Address

Beneficiary Details

Account 0011992765  
 Name PDVSA PETROLEO, S.A.  
 Address

ChargesActivity Log

Activity	User	Date	Time
Last Activity	BETTYT	12/19/2006	2:23:23PM
Entered	BETTYT	12/19/2006	2:07:34PM
Modified			
Approved 1	BETTYT	12/19/2006	2:08:18PM
Approved 2	BETTYT	12/19/2006	2:08:18PM
Approved 3	BETTYT	12/19/2006	2:08:18PM
Unapproved			
Deleted			
Mgr Approved			
Released		12/19/2006	2:09:05PM
Reject Reason			

Draft Details

Draft Number  
 Mail To:

Beneficiary Bank Details

Routing Code 021000021  
 Bank Name JPMORGAN CHASE BANK, NA  
 Address

Originator Details

Name  
 ID  
 Address

NEW YORK, NY

Optional Text

Text to Bene PAYMENT UNDER LETTER OF CREDIT NO. CTCS-651908 MUSKET CORPORATION ON BEHALF OF INTRAKAM SA DE CV, INV 383222-0

Instructions to  
 Bene Bank  
 Instructions to  
 Bank One  
 Internal Memo

Print Processed? No  
 Reprint Count  
 Last Reprint  
 Draft Advice

PAYMENT UNDER LETTER OF CREDIT NO.  
 CTCS-651908 MUSKET CORPORATION ON BEHALF  
 OF INTRAKAM SA DE CV, INV 383222-0





# TEAM TANKERS AS

OSLO - NORWAY

Mailing Address: P.O. Box 1468 Vika, 0116 Oslo, Norway

Visiting Address: Haakon VII's gt. 1, 0161 Oslo, Norway

Tel: +47 23 11 82 70, Fax: +47 22 83 21 51, Email: teamchartering@sokana.com

Advanced Engineering  
Development Ltd Spain  
c/o Ares Shipping De Venezuela, CA

PLEASE REFER TO INVOICE NO.  
WHEN REMITTING

INVOICE NO. \*P\*007528

INVOICE DATE 11/22/2006

CUST REF

VESSEL	VOY. NO.	C/P DATE	FIXTURE NO.
TEAM ANIARA	36	11/20/2006	03059
TERMS OF PAYMENT		B/L DATE	DUE DATE
BEFORE BREAKING BULK (BBB)		11/13/2006	12/5/2006
DESCRIPTION			AMOUNT USD
<u>OCEAN FREIGHT INVOICE</u>			
35,688.940 M CPP			2,191,000.00 L
\$1,366,000.00-Rotterdam Disch			2,191,000.00
\$ 825,000.00-Damages Incurred			
Load: Punta Cardon			
Disch: Rotterdam			
Total:			2,191,000.00
<div>Notice to Debtors  Please note that pursuant to a factoring agreement dated 12 December 2004, all our account receivables have been pledged to Nordea Bank Norge ASA and from the date hereof, all payments to Team Tankers AS shall be paid to our account with Nordea Bank Norge ASA, account no. 6074.04.42611.</div>			
REMIT TO			
Nordea Bank Finland plc, New York			
ABA: 026010786 Swift: NDEAUS3N			
For further credit to:			
Nordea Bank Norge ASA, swift NDEANOKK			
Credit: Team Tankers AS			
Account Number: 6074.04.42611 (IBAN Number: NO8360740442611)			



JPMorgan Chase Bank, N.A.  
c/o JPMorgan Treasury Services  
Global Trade Services  
10420 Highland Manor Drive  
Tampa, FL 33610

NOV 17, 2006  
OUR L/C NO.: CTCS-651908  
APPLICANT REF. NO.: PDVSA-2  
AMENDMENT NO.: 1

TO:  
PDVSA PETROLEO S.A.  
DIVISION CORPORATIVA DE MANUFACTURA  
Y MERCADEO EDIF. PDVSA, TORRE OESTE  
CARACAS,  
VENEZUELA

APPLICANT:  
MUSKET CORPORATION ON BEHALF OF THE  
COMPANY INTRAKAM SA DE CV  
10601 N. PENNSYLVANIA  
P.O. BOX 26210  
OKLAHOMA CITY, OK 73126

IN ACCORDANCE WITH INSTRUCTIONS RECEIVED, THE ABOVE REFERENCED STANDBY  
LETTER OF CREDIT HAS BEEN AMENDED AS FOLLOWS:

RECEIVER'S REFERENCE: NONREF

APPLICANT'S NAME AND ADDRESS ARE CHANGED TO  
MUSKET CORPORATION ON BEHALF OF THE  
COMPANY INTRAKAM SA DE CV  
10601 N. PENNSYLVANIA  
P.O. BOX 26210  
OKLAHOMA CITY, OK 73126

BENEFICIARY'S NAME AND ADDRESS ARE CHANGED TO  
PDVSA PETROLEO S.A.  
DIVISION CORPORATIVA DE MANUFACTURA  
Y MERCADEO EDIF. PDVSA, TORRE OESTE  
CARACAS,  
VENEZUELA

THE FOLLOWING 2 CONDITIONS ARE ADDED:

WE UNDERSTAND THIS LETTER OF CREDIT IS ISSUED RELATIVE TO CONTRACT  
REFERENCE 015INTRAK COVERING THE PURCHASE OF MT35,708 OF D2 DIESEL OIL  
BETWEEN PDVSA PETROLEO S.A. AND THE COMPANY INTRAKAM SA DE CV. WE FURTHER  
UNDERSTAND THAT INTRAKAM SA DE CV'S ROLE IS AS AN OPERATIVE ON BEHALF OF  
PDVSA PETROLEO S.A., ONLY.

THE AMOUNT AVAILABLE FOR DRAWING UNDER THIS LETTER OF CREDIT WILL BE  
REDUCED BY THE AMOUNT OF ANY PAYMENTS MADE OUTSIDE THIS LETTER OF CREDIT TO



JPMorgan Chase Bank, N.A.  
c/o JPMorgan Treasury Services  
Global Trade Services  
10420 Highland Manor Drive  
Tampa, FL 33610

NOV 17, 2006  
OUR L/C NO.: CHCS-651908  
APPLICANT REF. NO.: PDVSA-2  
AMENDMENT NO.: 1

THE BENEFICIARY IF SUCH PAYMENTS ARE MADE THROUGH JPMORGAN CHASE BANK,  
N.A., CHICAGO AND REFERENCE THIS LETTER OF CREDIT.

BENEFICIARY'S SIGNED AND DATED STATEMENT IS CHANGED TO READ AS FOLLOWS:  
"WE, PDVSA PETROLEOS, S.A, HEREBY CERTIFY THAT MUSKET CORPORATION ON BEHALF  
OF THE COMPANY INTRAKAM SA DE CV HAS FAILED TO PAY US ON DUE DATE THE  
AMOUNT OF U.S. \$16,400,000.00 PLUS +/- 10% (SIXTEEN MILLION FOUR HUNDRED  
THOUSAND AND 00/100 U.S. DOLLARS PLUS AND MINUS TEN PERCENT) FOR THE  
SHIPMENT OF MT35,708 OF D2 DIESEL OIL FROM PUNTA CARDON, VENEZUELA TO  
HOUSTON, TEXAS, USA SHIPPED ON VESSEL M/T TEAM ANIARA." THEREFORE, WE  
DEMAND PAYMENT OF SAID AMOUNT IN SAME DAY FUNDS VIA WIRE TRANSFER TO OUR  
ACCOUNT PDVSA PETROLEO S.A., JPMORGAN CHASE BANK, N.A., NEW YORK 270 PARK  
AVE., NEW YORK 10172, ACCOUNT NUMBER 0011992765 ROUTER 022000021 SWIFT:  
CHASUS33.

ALL AMENDMENT UNDER THIS LETTER OF CREDIT ARE SUBJECT TO THE BENEFICIARY'S  
AGREEMENT, AS PER (SELECT ONE) [ARTICLE 9D, UCP 500] OR [RULE 1.06B,  
ISP98]. THIS AMENDMENT SHALL NOT BE CONSIDERED OPERATIVE UNLESS THE  
BENEFICIARY COMMUNICATES THEIR AGREEMENT TO THE AMENDED TERMS. PLEASE  
INDICATE YOUR ACCEPTANCE/REJECTION BY SIGNING AND RETURNING A COPY OF THIS  
AMENDMENT TO THE ATTENTION OF STANDBY LETTER OF CREDIT UNIT, 300 S.  
RIVERSIDE PLAZA, MAIL CODE IL1-0236, CHICAGO, ILLINOIS 60606-0236.

PDVSA PETROLEO S.A.

ACCEPTED BY: \_\_\_\_\_  
ITS: \_\_\_\_\_  
DATE: \_\_\_\_\_

REJECTED BY: \_\_\_\_\_  
ITS: \_\_\_\_\_  
DATE: \_\_\_\_\_


ALL OTHER TERMS AND CONDITIONS OF THE CREDIT REMAIN UNCHANGED.



JPMorgan Chase Bank, N.A.  
c/o JPMorgan Treasury Services  
Global Trade Services  
10420 Highland Manor Drive  
Tampa, FL 33610

NOV 17, 2006  
OUR L/C NO.: CTCS-651908  
APPLICANT REF. NO.: PDVSA-2  
AMENDMENT NO.: 1

NOTE: KINDLY SIGNIFY YOUR CONSENT TO THIS AMENDMENT BY SIGNING AND RETURNING THE ENCLOSED COPY DIRECTLY TO US OR THE ADVISING BANK (IF ONE IS PRESENT) FOR TRANSMISSION TO US. YOUR IMMEDIATE ATTENTION TO THIS MATTER WILL BE APPRECIATED IN ORDER THAT WE MAY COMPLETE OUR RECORDS.

  
\_\_\_\_\_  
AUTHORIZED SIGNATURE

PDVSA PETROLEO, S.A.  
CARACAS DF 1044

## INVOICE

TO: INTRAKAM SA  
ATTN: CESAR CHAVEZ ROBLES  
COAHUILA

INVOICE NO: 383222-0

PAGE NO: 1

INVOICE SENT DATE: 12-12-06

FAX: 0052(844)439 0789

OUR CONTRACT NO: SA130239

## PAYMENT INSTRUCTIONS:

PLEASE REFERENCE INVOICE  
JPMORGAN CHASE NEW YORK  
270 PARK AVENUE  
NEW YORK  
NEW YORK, NY 10172  
BANK ACCOUNT NO: 0011992765  
BANK ASSOC NO: 021000021

NO. RIF: J-001230726

CONTACT: CARLOS ORELLANA  
PHONE NO: 0212-7084032

DUE DATE: 12-13-06

PAYMENT TYPE: WIRE

PAYMENT TERMS: 30 DAYS AFTER BILL OF LADING  
DATE (B/L DATE = DAY 0)

MOVEMENT: DELIVERY OF DIESEL ON 11/13/2006 FOB ORIGIN  
ORIG LOCATION: PUNTA CARDON, PORT, VENEZUELA  
DEST LOCATION: HOUSTON, PORT, TEXAS, USA  
EXPORTER OF RECORD: PDVSA PETROLEO, S.A.  
SHIPPING: BY VESSEL (TEAM ANIARA) TICKET NUMBER=5855  
CURRENCY USED: US DOLLAR

LINE	DESCRIPTION	QTY	UOM	N/G	RATE	AMOUNT
0-1	DIESEL	263.123	BBL	N	60.7803	15.992.694.88
						15.992.694.88

INVOICE TOTAL 15.992.694.88

## INVOICE COMMENTS:

Payment of the invoice shall be made in U.S. dollars (without discount, allowance, retention or deduction, including banking fees or wire transfers from commercial banks) to the bank and account No. indicated above in same-day-available funds opening business at the City of New York making reference to the invoice number on your remittance.

PAYMENT TO BE RECEIVED UNDER JPMORGAN CHASE NEW YORK. LETTER OF CREDIT NO. CTCS-651908

**Betty Proudfoot**

**From:** Betty Proudfoot  
**Sent:** Wednesday, November 15, 2006 2:27 PM  
**To:** 'GILMER GONZALEZ'  
**Subject:** RE: MUSKET - INTRAKAM / LETTER OF CREDIT

We are on the conference call right now.

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**From:** GILMER GONZALEZ [mailto:gonzalezggx@pdvsa.com]  
**Sent:** Wednesday, November 15, 2006 1:58 PM  
**To:** Betty Proudfoot  
**Cc:** DOLORES DOBARRO; CAROLA BEJARANO; a.engineering@terra.es; ARCADIO ROSAS; CESARCHAVEZ@INTRAKAM.COM.MX; MARIA SILVA  
**Subject:** MUSKET - INTRAKAM / LETTER OF CREDIT

Dear Sirs,

As per our phone conversation of today regarding the above reference, we hereby confirm the need of opening a Letter of Credit having as applicant the Company "**Musket**" on behalf of the Company "**Intrakam**", due to Intrakam is the registered client in PDVSA, the actual direct buyer and responsible for paying before PDVSA. The use of this statement is commonly practiced in PDVSA with our customers; this procedure also protects all parts involved. We so far haven't had any problems with this practice. According to the above applicant statement, Intrakam would be the only company responsible for any legal claim under the supplying contract and under the warranty and/or letter of credit, so it is needed to get Intrakam involved in the documentation. Since you need some time to contact the adequate approval channels, we here wait for your prompt answer considering we have no time because the loaded vessel has been there for too long, causing operational problems to PDVSA and desperation to the crew.

We hope this problem can be solved as soon as possible since we both intend to keep on building up our business relationship in the future.

Our e-mail addresses: GONZALEZGGX@PDVSA.COM, DOBARRODET@PDVSA.COM and BEJARANOC@PDVSA.COM.

Our phones: 58-212-708.4552 / 708.3999.

Kind regards,

Gilmer G. González G.  
 International Commerce General Manager  
 Commerce & Supply  
 PDVSA Petróleos, S.A.

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